

# Energy & Climate Change

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2007

# OVER VIEW

- 5 papers out for comment
- NZES, Pre 2012 (transitional), Post 2012, NZEECS, AG/Forestry paper
- A major issue is inadequate or no cost/benefit analysis
- NZES seems to weight environment (emission reductions) over energy security and affordability

# OVERVIEW

- Are emission reductions and economic growth compatible –what are the trade offs?
- NZES seems to be based on renewables scenario from the Energy Outlook 2006 & at that time it was expected to increase w/sale electricity prices by 15%. Minister says 1%.
- What is potential for energy efficiency for large industry? NZES says 35% by 2030?
- Need more cost/benefit detail attached to strategy

# Transitional Measures

- In short term there is a narrow focus on imposing PBM on electricity and industrial heat and power and process emissions.
- Narrow focus is economically inefficient and unlikely to achieve significant emission reductions.
- Policies implemented that are transitional should be cautious, and get the job done at least cost to the economy.
- Greenhouse Policy Coalition recommends there are more economically efficient ways to incentivise renewables than ET for such a small sector. ACIL Tasman report – 5 March launch.

# Transitional Measures

- Transition to putting a price on carbon needs to take account of CAR issues.
- CAR issues may not be such a problem in the future, but they are a problem right now.
- Post 2012 recognises this well – transitional paper does not.
- Lessons learned from EU ETS suggest need adequate baseline data and transition period before ET introduced.
- Voluntary agreements with industry would achieve this (data collection) along with capacity building.

# NZEECS

- Again emission reductions feature heavily in the strategy
- How are the targets set?
- How realistic are they?
- Where is the cost/benefit analysis?
- Not sure about the desire for mandatory approach
- Not sure about using reduction in CO<sub>2</sub> emissions as a measure of success (you could get more e/e while increasing emissions & visa versa)

# AG & Forestry

- Industrial sector would like sectors to be treated equally/equitably.
- Industrial and electricity sectors too small to do it alone.
- All have limited abatement options due to lack of technology that will make a significant difference.
- Overall need to implement policies that preserve our ability to grow our economy.